

ENTREVESTOR: New backing means more growth for Eosense

PETER MOREIRA

Published January 30, 2017

Cleantech startup Eosense has found new backing from former High Liner Foods CEO Henry Demone and from St. Francis Xavier University, the institution where the company was born.

Dartmouth-based Eosense has spent seven years developing and marketing instruments that detect carbon dioxide seeping from soil. With clients like University of California at Berkeley and the Max Planck Institute in Germany, Eosense is expecting the fiscal year ending in May to be its best yet in terms of sales.

The company has now raised just over \$500,000 in equity financing, including an investment by Demone, who has become the company's chairman. Meanwhile, St. F.X. has transformed licences on the intellectual property used by Eosense into equity in the company.

What this means is that Eosense now has the capital to move forward in the foreseeable future, and it has removed some hurdles in seeking later rounds of funding.

"The last little while has been a culmination of lot of hard work, but it's really exciting because the money, the partnerships and the expertise we've brought on give us the freedom to focus on our strategic priorities," co-founder and CEO Gordon McArthur said in an interview.

Eosense's technology was developed at a St. F.X. lab run by David Risk. The company has developed three gas-detection products out this technology. It has sold them mainly to academic institutions, but also to companies in key industries like mining, oil and gas, and environmental services.

McArthur said the company is now experiencing annual sales growth of 30-50 per cent, and it will use the new capital to expand its sales team. Beyond the additional capital, the company has a cleaner capital structure. It now owns its intellectual property and the recent funding has allowed Houston-based investment firm Surge Ventures to clarify its equity position in the company. These factors mean that when Eosense courts venture capital firms for its next round of funding, there will be no extraneous issues that could complicate matters.

The recent agreements cement key relationships for Eosense. Demone, who has been a mentor to McArthur for the past four years, now has a formal role with the company.

"He was the guy who was always willing to pick up the phone," said McArthur. "Following his retirement, he was willing to help with a global challenge — that is managing our environment better — with a company that isn't brand new, that has some experience, that has made a few mistakes but has had some successes, too."

St. F.X. now holds common shares in a startup it helped to launch. "This academic-corporate relationship ensures that Eosense can benefit from the highly specific soil-gas expertise of Dr. Risk and students of St. F.X.'s earth science department," the university's manager of industry, Liaison Andrew Kendall, said in a statement.

And Eosense has more money to help increase sales and finance additional research.

“We’re turning our attention to longer-term matters,” said McArthur. “Being able to push these matters over the hump is really important. It’s liberating. And the more sales we do the more we can invest in new products.”